

# Wisconsin State Legislature

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## Joint Committee on Finance *100<sup>TH</sup> ANNIVERSARY 1911 - 2011*

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative Robin Vos

Date: August 30, 2011

Re: s. 16.515/16.505(2), Stats. Request

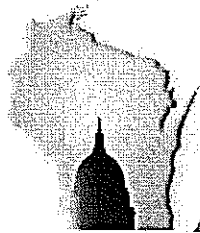
Attached is a copy of a request from the Department of Administration, received August 30, 2011, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Children and Families.

Please review the material and notify **Senator Darling** or **Representative Vos** no later than **Friday, September 16, 2011**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:RV:jm



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**MIKE HUEBSCH**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842

**Date:** August 30, 2011

**To:** The Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance

The Honorable Robin Vos, Co-Chair  
Joint Committee on Finance

**From:** Mike Huebsch, Secretary  
Department of Administration

*MH/CS*

**Subject:** s. 16.515/16.505(2) Request(s)

**RECEIVED**  
AUG 30 2011

**BY: ST. FINANCE**

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2011-12</u> <u>AMOUNT</u>	<u>FTE</u>	<u>2012-13</u> <u>AMOUNT</u>	<u>FTE</u>
DCF 20.437(2)(mc)	Federal block grant operations	\$7,736,200	0.00 <sup>1</sup>	\$9,809,400	0.00

<sup>1</sup>Supplement expenditure authority under s. 20.437(2)(mc)-federal block grant operations.

As provided in s. 16.515, the request(s) will be approved on September 21, 2011, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Carol Lynch at 266-3330, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

**Date:** August 29, 2011  
**To:** Brian Hayes  
**From:** Sarah E. Grimsrud  
**Subject:** Section 16.515(1) Request

Attached is a s. 16.515(1) request analysis for your approval and processing. Listed below is a summary of each item:

**DOA RECOMMENDATION:**

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2011-12</u>		<u>2012-13</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DCF	Federal block grant	\$7,736,200	0.00	\$9,809,400	0.00
20.437(2)(mc)	operations				

**AGENCY REQUEST:**

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2011-12</u>		<u>2012-13</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DCF	Federal block grant	\$7,736,200	0.00	\$9,809,400	0.00
20.437(2)(mc)	operations				

BKH APPROVAL  (FORWARD TO CAROL LYNCH)



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**MIKE HUEBSCH**  
SECRETARY

Division of Executive Budget and Finance  
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**Date:** August 29, 2011

**To:** Mike Huebsch, Secretary  
Department of Administration

**From:** Sarah E. Grimsrud *S.E.G.*  
Executive Budget and Policy Analyst

**Subject:** Request under s. 16.515(1), Wisconsin Statutes, from the Department of Children and Families to reallocate FED expenditure authority within the Bureau of Milwaukee Early Care Administration.

**REQUEST:**

The Department of Children and Families requests under s. 16.515(1), the supplementation of the appropriation under s. 20.437(2)(mc) – Federal block grant operations in the amount of \$7,736,200 FED in state fiscal year 2011-12 and \$9,809,400 FED in state fiscal year 2012-13 to fund state positions to be created to replace Milwaukee County positions that perform various child care administration functions in the Bureau of Milwaukee Early Care Administration (MECA). The department also requests that an equal amount of funding be placed in unallotted reserve for the appropriation under s. 20.437(2)(md) – Federal block grant aids to offset this request.

**REVENUE SOURCES FOR APPROPRIATION(S):**

Funding will come from federal funds received by the department through the annual Child Care and Development Block Grant from the U.S. Department of Health and Human Services, Administration for Children and Families.

**BACKGROUND:**

As part of 2009 Wisconsin Act 28 (the 2009-11 biennial budget), the department was given the authority to establish a provider services unit in Milwaukee County to perform certain child care administration functions previously provided by the county. Under s. 49.826(3), the supervisory personnel of the unit were required to be state employees but the nonsupervisory personnel could be a combination of state employees and county employees. Consistent with this provision, the department also received 7.0 FTE supervisor positions to supervise Milwaukee County staff performing child care administrative functions. Act 28 also authorized the department to perform

or contract with the Department of Health Services to perform certain functions related to child care eligibility.

In January 1, 2010, the department assumed management of the newly constituted MECA unit and contracted with Milwaukee County to provide staff to certify day care providers, provide program integrity services and other administrative functions. The department also began contracting with the new Department of Health Services' Milwaukee Enrollment Services Unit (MiES) to determine child care eligibility and child care authorizations for clients in Milwaukee County.

The following positions were added to the department during 2010:

- 1.0 FTE position to supervise authorizations to clients,
- 2.0 FTE positions to supervise county staff in the program integrity section,
- 5.0 FTE project auditor positions, and
- 1.0 FTE project position to provide project management to the provider fraud effort;
- In addition, 3.0 FTE positions (1.0 FTE supervisor position) were reallocated to provide operations management and support to MECA.

In total, MECA currently has 9.0 FTE FED state positions supervising a total of 73.0 FTE Milwaukee County positions, and 8.0 FTE state positions, plus contractors hired to assist with child care program integrity efforts in Milwaukee County. Funding for the Milwaukee County staff is included in the direct services child care allocation under the federal block grant aids appropriation under s. 20.437(2)(md), while state staff are funded from the federal block grant state operations appropriation under s. 20.437(2)(mc).

Under separate actions, the department is also requesting from the Department of Administration the creation of 73.0 FTE FED positions to convert existing Milwaukee County contracted staff in MECA to state positions by October 1, 2011, and the reallocation of funds from the direct child care services allocation under s. 49.175(1)(p) to the child care state administration and child care licensing activities allocation under s. 49.175(1)(q).

### **ANALYSIS:**

When MECA was originally established, the use of existing county employees provided a method for the department to quickly establish oversight of the child care administration operations in Milwaukee County with minimal disruption of service to clients and providers. However, now that transition to state supervision has occurred, continuing to use county employees to perform these functions under state supervision is not the most cost-effective option.

For example, supervisors are required to understand and comply with rules for two separate personnel and payroll systems. This complicates hiring, scheduling, payroll and discipline procedures. Additionally, the disparate treatment of employees within

the same work unit creates morale issues and compounds the challenges for managers in applying consistent workplace policies.

As the department's role in operating MECA has evolved, it has identified numerous organizational changes that would enhance MECA's ability to support its customers and enhance its fraud prevention and program integrity goals. However, the county's process for approving changes to county position classifications requires County Board approval, which has hindered the department's efforts to improve the organizational structure in MECA.

Despite the operations difficulties of the current structure of MECA, the child care fraud reduction and program integrity efforts in Milwaukee County and elsewhere are yielding results. In calendar year 2010, the first year of state supervision of the child care program in Milwaukee County, child care expenditures declined from the previous calendar year by over \$36.8 million, or 18.4 percent, while the balance of state expenditures declined by 5.2 percent over that same period. By replacing the county staff with state staff, the department's fraud reduction and program integrity efforts will be enhanced.

Consequently, the department is proposing to terminate the contract with Milwaukee County and to take over these functions. The current county positions and all current incumbents of those positions would be "accreted" or converted to state positions through the process outlined under s. 230.15(1m). Under this statute, when the state becomes responsible for a function previously performed by another governmental agency, the affected positions are included in the state's classified service. The Office of State Employment Relations (OSER) determines the appropriate classification of the positions. The department's Bureau of Human Resources will work with OSER to define the final state position classifications but its preliminary analysis would indicate the need for the following positions:

<b>Classification</b>	<b>FTE</b>
Auditor	10.0
Economic Support Specialist	21.0
Economic Support Quality Assurance Specialist	4.0
Training Officer	4.0
Financial Specialist	7.0
Licensing/Certification Specialist	20.0
Operations Program Associate	6.0
Contract Specialist	1.0
<b>Total FTE</b>	<b>73.0</b>

Act 28 specifies that all of the following would apply to an employee who is appointed to a state employee position in MECA, and who, immediately prior to his or her appointment, was a county employee:

- (a) the employee must serve any applicable probationary period, but would have his or her seniority with the state computed by treating the employee's total service with the county as state service;
- (b) annual leave for the employee would accrue using the employee's state service computed under (a);
- (c) the employee would be allowed to continue to participate in the Milwaukee County retirement system, but must exercise this option in writing no later than 10 days after the employee is appointed to a state employee position on a form provided by the department; and this decision would be irrevocable during the period that the employee holds a state employee position in the unit;
- (d) the secretary of the department would pay, on behalf of the employee, all required employer contributions under the Milwaukee County retirement system; and
- (e) sick leave would accrue with the state by treating the employee's unused balance of sick leave accrued with Milwaukee County as sick leave accrued in state service for the same period, if the employee is able to provide adequate documentation in accounting for sick leave used during the accrual period with Milwaukee County; and sick leave that is transferred would not be subject to a right of conversion upon death or termination of creditable service for payment of health insurance benefits on behalf of the employee or the employee's dependents.

The conversion of county staff to state staff in MECA is not expected to result in any additional funding needed for MECA. However, funding for the state staff needs to be shifted from the federal block grant aids appropriation to the federal block grant operations appropriation. The amount in fiscal year 2011-12 is prorated based on the assumption that the contract with Milwaukee County will be terminated on October 1, 2011.

**RECOMMENDATION:**

Approve the request for the supplementation of the appropriation under s. 20.437(2)(mc) – Federal block grant operations in the amount of \$7,736,200 FED in state fiscal year 2011-12 and \$9,809,400 FED in state fiscal year 2012-13 and the placement in unallotted reserve of corresponding amounts in the appropriation under s. 20.437(2)(md).



wisconsin department of  
**children + families**

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P.O. Box 8916

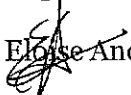
Madison, WI 53708-8916

Governor Scott Walker  
Secretary Eloise Anderson

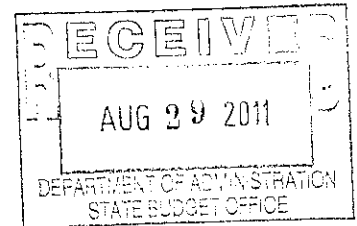
Secretary's Office

DATE: August 29, 2011

TO: Brian Hayes, Administrator  
Division of Executive Budget and Finance  
Department of Administration

FROM:  Eloise Anderson, Secretary

SUBJECT: §16.515 Request – Bureau of Milwaukee Early Care Administration



The Department of Children and Families (DCF) requests under §16.515(1) the supplementation of the appropriation under §20.437(2)(mc), numeric 245 – Child care block grant operations in the amount of \$7,736,200 FED in SFY12 and \$9,809,400 FED in SFY 13 to fund state positions to be created to replace Milwaukee County positions that perform various child care administration functions in the Bureau of Milwaukee Early Care Administration (MECA) of the Division of Early Care and Education (DECE). An equal amount of funding would be deleted from the appropriation under §20.437(2)(md), numeric 247 – Child care block grant aids to offset the supplementation request.

Background

As part of 2009 Wisconsin Act 28 (the 2009-11 biennial budget), DCF was given the authority to establish a provider services unit in Milwaukee County to do any of the following: (a) certify day care providers; (b) provide child care program integrity services; (c) annually perform a survey of market child care rates, if DCF so directs; and (d) assist individuals who are eligible for child care subsidies to identify available child care providers and select appropriate child care arrangements. In addition Act 28 authorized the Department to perform the following functions in Milwaukee County or contract with the Department of Health Services (DHS) to perform these functions: (a) determine eligibility of individuals for a child care subsidy; (b) determine an individual's liability for copayments; (c) determine and authorize the amount of child care for which an individual may receive a subsidy; or (d) at intervals, or as otherwise required by DCF, review and redetermine the financial and nonfinancial eligibility of individuals receiving child care subsidies. The 2009-11 biennial budget also authorized a total of 7.0 FTE associated with these functions, of which 5.0 FTE are supervisor positions in MECA to supervise county staff performing child care administrative functions in Milwaukee County.

In January 2010 the Department assumed management of the newly constituted MECA that included state supervisors and county non-management staff. DCF contracted with Milwaukee County to provide the county staff for this new unit. DCF also began contracting with the new DHS Enrollment Services Unit (Miles) to determine child care eligibility for clients in Milwaukee County.

T 608.266.8684 F 608.261.6972 FAX 608.261.6973



In February 2010 the Department of Administration (DOA) approved a DCF request to create an additional 1.0 FED permanent FTE to supervise child care authorizations to clients, which previously was going to be a function of the DHS eligibility staff, but was assumed by DCF.

In August 2010 DOA approved a DCF request to create an additional 2.0 FED permanent FTE in MECA to provide supervision of county staff in the Program Integrity Section. In addition, 5.0 FED FTE project auditors and 1.0 FED project FTE to provide project management to the provider fraud effort were approved. DCF also reassigned 3.0 permanent FED FTE (1.0 supervisor) to provide operations management and support to MECA.

In total, MECA currently has 9.0 FED FTE in MECA supervising a total of 73.0 FTE Milwaukee County Staff, 8.0 FTE state staff (2.0 permanent FTE and 6.0 project FTE), plus contractors hired to assist with program integrity efforts. Funding for the Milwaukee County staff is included in the direct services child care allocation under the federal child care block grant aids appropriation, while the state staff are funded from the federal child care block grant state operations appropriation.

The recently passed 2011-13 biennial budget, 2011 Wisconsin Act 32, requires DHS to operate the income maintenance system in Milwaukee County and converted the MILES staff from a combination of state staff and county staff to all state positions effective January 2012.

Under separate actions, the Department is requesting from DOA the creation of 73.0 FED FTE child care positions to convert existing Milwaukee County contracted staff in MECA to state positions by October 1, 2011 and the reallocation of funds from the direct child care services allocation to the child care state administration and licensing allocation.

#### Analysis

When MECA was originally established, the use of current county employees provided an expeditious method for the State to assume the child care administration operations in Milwaukee as provided in Act 28. DCF is paying Milwaukee County to administer the contract for staff in MECA that could more efficiently be paid directly as state positions.

The current structure for MECA also presents several problems that inhibit efficient operations. The Department currently operates MECA using state supervisors and a mix of state and county employees. This arrangement requires supervisors to understand and comply with rules for two separate personnel and payroll systems. This negatively affects hiring, scheduling, payroll and discipline procedures. Additionally, the disparate treatment of employees within the same work unit creates morale issues and compounds the challenges for managers in applying consistent workplace policies.

As the Department's role in operating MECA has matured, DECE has identified numerous organizational changes that would enhance MECA's ability to support our customers. The county's cumbersome and unpredictable process for approving changes to county position classifications that requires County Board approval has hindered the Department's efforts to improve the organizational structure in MECA.

Despite the operational difficulties of the current structure in Milwaukee County, the fraud and program integrity efforts in Milwaukee County and elsewhere are yielding results. In calendar year 2010, the first year of state supervision of the child care program in Milwaukee County,

child care expenditures declined from the previous calendar year by over \$36.8 million, or 18.4%, while balance of state expenditures declined by 5.2% over that same period.

The conversion of county staff to state staff in MECA is not expected to result in any additional funding need for MECA.

Summary

DCF requests the supplementation of the appropriation under §20.437(2)(mc), numeric 245 – Child care block grant operations in the amount of \$7,736,200 FED in SFY12 and \$9,809,400 FED in SFY 13 to fund state positions to be created to replace Milwaukee County positions that perform various child care administration functions in MECA. An equal amount of funding would be deleted from the appropriation under §20.437(2)(md), numeric 247 – Child care block grant aids to offset the supplementation request.

cc: Mike Huebsch, Department of Administration  
Robert Lang, Legislative Fiscal Bureau